

## ECONOMIC FREEDOM

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Economic freedom is the fundamental right of every human to control his or her own labor and property. In an economically free society, individuals are free to work, produce, consume, and invest in any way they please. In economically free societies, governments allow labor, capital, and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself.

Economic freedom brings greater prosperity. The Index of Economic Freedom documents the positive relationship between economic freedom and a variety of positive social and economic goals. The ideals of economic freedom are strongly associated with healthier societies, cleaner environments, greater per capita wealth, human development, democracy, and poverty elimination. For further information, see especially:

We measure economic freedom based on 12 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom:

1. Rule of Law (property rights, government integrity, judicial effectiveness)
2. Government Size (government spending, tax burden, fiscal health)
3. Regulatory Efficiency (business freedom, labor freedom, monetary freedom)
4. Open Markets (trade freedom, investment freedom, financial freedom)

Each of the twelve economic freedoms within these categories is graded on a scale of 0 to 100. A country's overall score is derived by averaging these twelve economic freedoms, with equal weight being given to each. More information on the grading and methodology can be found in the appendix.

The Index of Economic Freedom considers every component equally important in achieving the positive benefits of economic freedom. Each freedom is weighted equally in determining country scores. Countries considering economic reforms may find significant opportunities for improving economic performance in those factors in which they score the lowest. These factors may indicate significant binding constraints on economic growth and prosperity.

The Index of Economic Freedom is a helpful tool for a variety of audiences, including academics, policymakers, journalists, students, teachers, and those in business and finance. In The Heritage Foundation's guide, *Using the Index of Economic Freedom*, users can learn innovative ways use the Index in research, public policy, business, and advocacy. The Index is an excellent objective tool for analyzing 186 economies throughout the world and each country page is a resource for in-depth analysis of a country's political and economic developments. The 12 economic freedoms and accompanying historical data also provide a

comprehensive set of principles and facts for those who wish to understand the fundamentals of economic growth and prosperity.

### References

1. Economic freedom. Retrieved from: <https://www.heritage.org/index/about>

## GLOBALIZATION IN ECONOMY

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The economy comprises millions of people and thousands of firms as well as the government and local authorities, all taking decisions about prices and wages, what to buy, sell, produce, export, import and many other matters. All these organizations and the decisions they take play a prominent part in shaping the business environment in which firms exist and operate. Owing to the growth of the international trade in goods and services, capital flows, and development of business relationship between companies, worldwide integration and interdependence is now a fact of life. This is globalization of economy. We can be reasonably confident that globalization will characterize the future, generally, because it has already existed.

Economists are tending to view globalization as a positive phenomenon in a long term. However, few of them would argue that its short run consequences, particularly for some economic groups, are likely to be extremely painful. Here I would like to underline that if this problem is ignored and little is done about it, the neglect won't be easy to dispute. Moreover, even if globalization's consequences include increased productivity, there is no guarantee that wealth and income will arise everywhere. The economy is complicated and difficult to control and predict, but it is certainly important to all businesses. You should be aware that there are times when businesses and individuals have plenty of funds to spend and there are times when they have to cut back on their spending. This can have enormous implications for business as a whole.

Nevertheless, for all of its many problems, globalization is worth pursuing as a way to raise the world's living standards. Firstly, the evident prospect is changes of the impact of time and distance factors. The international entrepreneurship, as it is known, is connected with overcoming long distances. Progressive high technologies enable to save considerable amount of time and costs on information transfer, goods transportation and people's movement. The achievements in the communication sphere, for example, satellites accelerate international interaction and intensify control over them.

Secondly, the fast information exchange regarding new products leads to growth of sales volume in foreign markets. Due to the technical innovations there